

I. Introduction

CSL International was engaged by King County (the County) to assist in the evaluation of the estimated future operating results of the Kingdome under different tenant and operating scenarios. Specifically, two primary scenarios were considered: the Kingdome operating subsequent to the departure of the Mariners with the tenancy of the Seahawks under the Team's existing ownership (Scenario A) and the Kingdome operating subsequent to the departure of the Mariners with no professional sports tenants (Scenario B).

Two recent Kingdome-related studies have provided widely differing operating projections for the facility, and it is the County's intent to evaluate the merits of each through an independent market and financial analysis focusing on specific Kingdome operating scenarios. This analysis is intended to assist the County in this evaluation.

The study performed under this engagement is comprised of a market and financial analysis of potential Kingdome operations and included the following components:

- Analysis of comparative market demographics;
- Analysis of market potential;
- Financial analysis of potential Kingdome operations; and
- Analysis of capital requirements for the Kingdome.

In order to focus this analysis and to consider specific operating and tenant scenarios, a number of key underlying assumptions were established at the direction of King County officials. These assumptions were developed by the County to most appropriately reflect the dynamics of the various issues surrounding the Kingdome and its future. The assumptions are as follows and have been broken down into key categories:

General Facility

Two general operating scenarios were considered in this analysis, both of which assumed the departure of the Mariners: the first with the Seahawks as a tenant and the second without the tenancy of the Seahawks.

- The scenario with the Seahawks as a tenant reflects existing ownership under Mr. Behring as it is assumed that Mr. Allen would not utilize the Kingdome as a home venue.

- Kingdome governance remains under King County.
- Specific capital improvements will be made to the Kingdome prior to and during the years ending December 31, 2000 through 2009 (see Chapter V for a description of assumed capital improvements).
- The Pavilion exhibition space will physically remain as it currently exists and its use will remain restricted to a maximum of approximately 50 days per annum.

Availability

Under the conditions of the master use permit issued by the City of Seattle for the construction of the new baseball stadium near the Kingdome, the Public Facilities District (PFD) is required to negotiate in good faith with King County an agreement which will deal with the adverse impacts, particularly parking and traffic, of simultaneous or overlapping events in the new stadium and the Kingdome. One of the most important elements of the required agreement is that the parties avoid or mitigate the adverse impacts of scheduling simultaneous or overlapping major events or, if such major events are scheduled, the parties plan, execute and pay for mitigating measures, including extra bus service, parking, and traffic control. Major dual event is defined as combined attendance of 65,000 on weekends or 58,000 on weekdays.

In large part because of uncertainty about the Kingdome's future, the PFD and King County have not yet negotiated an agreement. One possible, but unlikely, outcome of negotiations is that King County will not agree to any constraints on its ability to schedule large events in the Kingdome at the same time as baseball games might be held. At the other extreme, but equally unlikely, is an outcome in which the County agrees to schedule no large events during the baseball season. The most likely outcome is a compromise somewhere between these two extremes.

Two scenarios for availability of the facility were considered and tested during the market analysis:

1. New events with event day attendance in excess of 20,000 may not be scheduled in the Kingdome during the baseball season because they are presumed to trigger dual event constraints or requirements. (Assuming the baseball stadium is at a maximum event attendance of 45,000 on weekends and 38,500 on weekdays, an event day of greater than 20,000 at the Kingdome would trigger the dual event scheduling constraints.)
2. Except for scheduling constraints related to Seahawks games if the Seahawks remain a tenant, there is complete freedom to schedule large events of greater than 20,000 attendance during the baseball season.

Our survey of prospective new major events found none that are likely to be attracted during the baseball season. Therefore, our analysis does not take into account the "worst case" major event scheduling constraint (outlined above in availability scenario number one) on the Kingdome's ability to attract new events.

Parking

- Kingdome-controlled parking will be reduced by a total of 125 spaces due to planned development projects in the area including the widening of Occidental Avenue South, and the King Street Station project reducing the overall available number of parking spaces located in Lots A & B and the Pavilion.
- The assumed base parking rate for Kingdome events has been adjusted upward from \$6 to \$10 to better reflect comparable parking offerings in the area.
- Kingdome-controlled parking will be offered on Mariners' game days in Lots A & B and the Pavilion.

Concessions

- Subsequent to the departure of the Mariners, the Kingdome's concession contract will need to be renegotiated. The current contract with the Kingdome's concessionaire includes language that in the event one or both of the anchor professional sports tenants leaves the building, the existing terms of the food and beverage concession percentage may be adjusted from the existing level of 57.57 percent to a rate no lower than 45 percent. As the Seahawks currently receive 30 percent of the gross concession revenues sold at Seahawks games, it is assumed that the team would continue to receive such a percentage under a new concession contract.
- No changes will occur with respect to the policy allowing patrons to enter the Kingdome with food and beverage items.

Advertising

- No changes will occur with respect to the City's policy limiting outdoor Kingdome advertising signage including the ability to erect a marquee outside of the Pioneer Square restrictions.
- Subsequent to the loss of the Mariners, rights to the Mariners share of Kingdome advertising revenue will transfer to the Seahawks (Scenario A).

- Under the scenario without a primary tenant, all rights to Kingdome advertising will revert to the Kingdome (Scenario B).

The primary objective of this study is to provide an analysis of the potential market and operating characteristics of the Kingdome under a specific set of assumptions. It is presented to assist representatives of the County in making informed decisions as to future action or development with respect to the Kingdome, and should not be used for any other purpose.